

111TH CONGRESS  
2D SESSION

# H. R. 6246

To provide for loans to rural energy-producing communities in the United States, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2010

Mr. POMEROY introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

## A BILL

To provide for loans to rural energy-producing communities in the United States, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Rural Energy Commu-  
5 nities Development Act of 2010”.

6 **SEC. 2. RURAL ENERGY COMMUNITIES LOAN PROGRAM.**

7 (a) **AUTHORITY.**—The Secretary of Agriculture may  
8 make loans pursuant to section 306(a)(1) of the Consoli-  
9 dated Farm and Rural Development Act (7 U.S.C. 1926),

1 to eligible communities for essential community facilities  
2 (as such term is defined in section 3570.53 of title 7, Code  
3 of Federal Regulations or any successor regulation to such  
4 section), for any purpose described in subsection (c).

5 (b) ELIGIBLE COMMUNITIES.—For purposes of this  
6 section, an eligible community—

7 (1) is a city, town, or incorporated area that  
8 has a population of less than 20,000 individuals; and

9 (2) has, during the period from January 1999  
10 through December 2009, experienced net job growth  
11 in the energy sector of not less than 20 percent, as  
12 determined by the Bureau of the Census or a State  
13 agency that collects information on such growth.

14 (c) USE OF LOAN FUNDS.—An eligible community  
15 may use funds provided from a loan under this section  
16 for any of the following purposes:

17 (1) Essential community facilities, including—

18 (A) the conservation, development, use,  
19 and control of water;

20 (B) the installation or improvement of  
21 drainage or waste disposal facilities;

22 (C) transportation facilities; and

23 (D) affordable housing (as determined by  
24 the Secretary).

25 (2) Land acquisition for such facilities.

1           (3) Municipal staff necessary to carry out  
2 projects for such facilities.

3           (4) Updates to comprehensive plans or housing  
4 plans of the community.

5       (d) APPLICATION.—To be eligible to receive a loan  
6 under this section, an eligible community shall submit to  
7 the Secretary an application at such time and in such  
8 manner as the Secretary shall require that contains, in  
9 addition to any other information the Secretary may re-  
10 quire, the following information:

11           (1) The identification of projects for which loan  
12 funds will be used.

13           (2) A certification that loan funds will be used  
14 only for the purposes described in subsection (c).

15           (3) Documentation demonstrating the legal ca-  
16 pacity and financial ability of the community to  
17 repay the loan. Such documentation shall include—

18                   (A) evidence that the community has a  
19 dedicated source of revenue from any energy  
20 tax revenue it receives from the State;

21                   (B) an estimate of any energy tax revenue  
22 the community expects to receive during the 10-  
23 year period beginning on the first day of the  
24 first fiscal year that begins after the date funds  
25 from the loan are made available to the eligible

1 community from the State office, if any, that  
2 distributes energy tax revenue to energy-pro-  
3 ducing communities; and

4 (C) documentation of any non-Federal sup-  
5 plemental funds to be made available for essen-  
6 tial community facilities to be funded with loan  
7 amounts received under this section.

8 (e) PRIORITY TREATMENT.—In approving applica-  
9 tions for loans under this section, the Secretary shall give  
10 priority to any applicant acting on behalf of an eligible  
11 community, that—

12 (1) has submitted to the Secretary completed  
13 plans or studies that identify specific infrastructure  
14 or capacity needs that will be addressed by projects  
15 funded with the loan amounts received under this  
16 section; or

17 (2) demonstrates that projects funded with loan  
18 amounts received under this section will be carried  
19 out with regional cooperation with adjacent jurisdic-  
20 tions.

21 (f) LOAN TERMS.—

22 (1) AMOUNT.—The principal amount of any  
23 loan under this section may not exceed the lesser  
24 of—

25 (A) \$20,000,000; or

1 (B) 80 percent of the energy tax revenue  
2 that the applicant expects to receive during the  
3 period described in subsection (d)(2)(B).

4 (2) INTEREST RATE.—Interest rates on loans  
5 under this section shall be subject to the provisions  
6 of section 307(a)(4) of the Consolidated Farm and  
7 Rural Development Act (7 U.S.C. 1927(a)(4)) appli-  
8 cable to loans under sections 306(a)(1) and 310B of  
9 such Act (7 U.S.C. 1926(a) and 1932).

10 (3) TERM TO MATURITY.—The period for re-  
11 payment of loans under this section shall not be  
12 longer than 15 years.

13 (g) FORGIVENESS.—If an applicant is unable to  
14 repay the full balance of the loan it receives under this  
15 section because circumstances beyond the control of the  
16 applicant prevented the applicant from collecting the  
17 amount of expected energy tax revenue specified in the  
18 application submitted under subsection (c), the Secretary  
19 may forgive an amount that equals not more than 50 per-  
20 cent of the remaining balance of such loan.

21 (h) REPORT.—Each year, until the loan an eligible  
22 community receives under this section is repaid, such com-  
23 munity shall submit to the Secretary of Agriculture a re-  
24 port. Each report shall contain a description of the

1 progress made on each project or investment financed with  
2 funds received from a loan under this section.

3 (i) APPROPRIATIONS.—For costs (as such term is de-  
4 fined under section 502 of the Federal Credit Reform Act  
5 of 1990 (2 U.S.C. 661a)) of loans under this section, there  
6 are authorized to be appropriated an aggregate of  
7 \$75,000,000 for fiscal year 2011 and 2012.

8 (j) MAXIMUM AMOUNT OF COMMITMENTS.—The Sec-  
9 retary may not make loans under this section or enter into  
10 commitments to make such loans, the total amount of  
11 which, exceeds \$400,000,000.

12 (k) SUNSET.—The Secretary may not make or enter  
13 into a commitment to make a loan under this section after  
14 September 30, 2012.

15 **SEC. 3. WAIVER OF INCOME MAXIMUMS FOR SELECTED**  
16 **USDA RURAL DEVELOPMENT PROGRAMS.**

17 (a) SECTION 502 LOANS.—For each of fiscal years  
18 2011 through 2016, with respect to an applicant for a di-  
19 rect loan or a guaranteed loan under section 502 of the  
20 Housing Act of 1949 (42 U.S.C. 1472), who resides in  
21 an eligible community described in section 2(b)—

22 (1) the Secretary shall waive any income limita-  
23 tions related to obtaining a loan under section 502  
24 of such Act (42 U.S.C. 1472); and

1           (2) the requirement related to eligibility of bor-  
2       rowers under section 502(h)(3) of such Act (42  
3       U.S.C. 1472(h)(3)) shall not apply.

4       (b) SITE LOANS; MULTI-FAMILY HOUSING LOANS.—  
5       For each of fiscal years 2011 through 2016, the following  
6       shall apply:

7           (1) SECTION 524.—Any organization or tribe re-  
8       ceiving a loan under section 524 of the Housing Act  
9       of 1949 (42 U.S.C. 1490d) shall waive any income  
10      limitations related to the occupancy of any housing  
11      built on any building site that is located in an eligi-  
12      ble community described in section 2(b) of this Act  
13      and that is financed by such loan.

14          (2) SECTION 538.—Any organization, State  
15      agency, subdivision thereof, Indian tribe, or private  
16      entity that receives a loan under section 538 of such  
17      Act (42 U.S.C. 1490p–2) shall waive any income  
18      limitations related to the occupancy of any housing  
19      that is located in an eligible community described in  
20      section 2(b) of this Act and for which the develop-  
21      ment costs were funded by such a loan.

○